



**Portland General Electric Company**  
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**James F. Lobdell**  
Vice President  
Power Operations

EA-97-C

February 13, 2004

Mr. Anthony Como  
Office of Coal & Electricity (FE-2)  
Office of Fuels Program  
Office of Fossil Energy  
Department of Energy  
1000 Independence Avenue, SW  
Washington, DC 20585

RE: Renewal Application for Authorization to Transmit Electric Energy to Canada

Dear Mr. Como:

Portland General Electric Company ("PGE") submits an original and two conformed copies of this application. PGE is organized and authorized to do business in the State of Oregon. Enron Corp. owns all of the common stock of PGE. A check for \$500 payable to the Treasurer of the United States is enclosed.

Pursuant to 10 CFR § 205.303, the following exhibits are included in this filing:

- Exhibit A - PGE Tariff No. 11 (PGE-11); and PGE Tariff No. 2 (PGE-2); and Description of PGE's Transmission Contract with Bonneville Power Administration (BPA), all of which were previously filed with the ERA with PGE's 1994 Application for Export Authorization in this Docket. Most current amendments to PGE-11 attached hereto as Exhibit A.
- Exhibit B - Legal Opinion of PGE's Counsel
- Exhibit C - Maps of PGE Generation Facilities and BPA Transmission Facilities
- Exhibit D - (Not Applicable)
- Exhibit E - (Not Applicable)
- Exhibit F - Explanation of Operating Procedures for Informing Neighboring United States Electric Utilities of The Availability of Capacity and Energy in Advance of Delivery to Foreign Purchaser was previously filed with the

ERA with PGE's 1994 Application for Export Authorization in this Docket.

Correspondence regarding this matter should be addressed to:

Ms. Loretta Mabinton  
Assistant General Counsel  
Portland General Electric Company  
121 SW Salmon Street  
Portland, OR 97204  
(503) 464-7822  
loretta\_mabinton@pgn.com

#### Background

PGE was first authorized by the Department of Energy ("DOE") to export electrical capacity and associated energy on a non-firm basis at a maximum rate of delivery of 400 MW under Order No. EA-97, dated April 29, 1994. The Order was subsequently renewed on March 5, 1998 effective for five years. The renewal Order provided that PGE could reapply for renewal within six months prior to the expiration of the authorization. Unfortunately, due to numerous factors, including disruptions to routine filing and reporting obligations resulting from PGE's parent (Enron's) bankruptcy reorganization, PGE was not able to apply for a renewal of the authorization before the expiration of the 1998 Order. PGE regrets this administrative oversight. PGE has continued to sell energy for export to Canada. PGE as a member of the Western Systems Power Pool (WSPP) in 2001 was added to the WSPP Export Authorization. The WSPP authorization is effective through September 5, 2006. However, PGE also sells energy under the Edison Electric Institute Power Sales Agreement under the authority of PGE-11. As indicated in the quarterly reports provided to DOE by PGE for the period April 1998 through December 2003, approximately 435,000 MWH of energy were sold to Canada. There were no interruptions associated with these sales. With this application, PGE requests renewal of authorization to export up to 600 net megawatts of electrical capacity and energy and ancillary services to Canada for a period of ten (10) years from April 1, 2003 to March 31, 2013.

#### The Proposed Transactions

The parties to the proposed transactions are PGE, and The Bonneville Power Administration (BPA), on the one hand, and the following entities individually: Powerex Corporation; Trans Alta Marketing (US) Inc.; TransCanada Energy Ltd., and Enmax Energy Marketing. Powerex, TransAlta, TransCanada and Enmax are hereinafter referred to as the Canadian Counterparties, and individually as the Canadian Counterparty. PGE is an electric utility which provides retail electric service to over 700,000 residential, commercial, and industrial customers in Oregon. PGE's service territory includes the greater Portland, Oregon



metropolitan area, as well as surrounding areas. PGE owns eight hydroelectric generating plants and two gas-fired facilities. PGE also owns interests in two coal plants. PGE is subject to the regulatory authority of the Oregon Public Utility Commission (OPUC) for its Oregon utility operations and to that of the Federal Energy Regulatory Commission (FERC) for wholesale sales and the sale of transmission services. The address of the OPUC is 550 Capitol Street, NE #215, PO Box 2148, Salem, Oregon 97308, and the address of FERC is 888 First Street NE, Washington, DC 20426.

BPA is a federal power marketing administration charged with, among other things, marketing the power from the federal hydroelectric generating facilities located on the Snake and Columbia Rivers in the Pacific Northwest. The United States Bureau of Reclamation and the Army Corps of Engineers operate the generating facilities. To market the power from these facilities, BPA has constructed and operates the Federal Columbia River Transmission System. This system extends from the Canadian border south to the Oregon/California border and also integrates the majority of the generating facilities in the Pacific Northwest. BPA's transmission system enables Northwest utilities to routinely buy and sell electricity for economic and reliability reasons, which has created a lively and competitive bulk power market. PGE will deliver the power it sells to the Canadian Counterparties for delivery in Canada over BPA's transmission system. PGE and BPA are interconnected at points shown in Exhibit C attached hereto.

Powerex is a Canadian company with its principal place of business in Vancouver, British Columbia. Powerex owns/controls several large generating facilities in Canada. BC Hydro, the parent company of Powerex, and BPA are the implementing entities for the Columbia River Treaty, which provides for cooperative management of the Columbia River. Powerex also sells capacity and energy to U.S. utilities in the Pacific Northwest and Southwest with BPA providing transmission services.

TransCanada is a Canadian company with its principal place of business in Calgary, Alberta. TransCanada owns several pipelines in Canada, and several North American power plants, with 75% of assets located in Canada and 25% in the U.S. TransCanada also sells capacity and energy to U.S. entities in the Pacific Northwest and Southwest with BPA providing transmission services.

TransAlta is a U.S. company with its principal place of business in Calgary, Alberta. TransAlta is the wholly-owned subsidiary of TransAlta Corp., a Canadian entity. TransAlta owns several thermal generating units, including a coal plant in the Pacific Northwest. TransAlta is a pure generating company with geographic and fuel diversity, with generating facilities in both the U.S. and Canada. TransAlta also sells capacity and energy to U.S. entities in the Pacific Northwest and elsewhere with BPA and other transmission owning entities providing transmission services.

Enmax Energy Marketing is a wholly owned subsidiary of Enmax Energy, which in turn is owned by ENMAX Power Corporation. The City of Calgary owns ENMAX Power Corporation, and is headquartered in Calgary, Alberta, CANADA. ENMAX operates and competes in a deregulated industry. ENMAX Power Corporation is the distribution and transmission company. Enmax Energy makes up the balance of ENMAX Power Corp.'s business and includes power marketing as well as retail operations.

PGE, BPA and Powerex, TransCanada and TransAlta are all parties to the Western Systems Power Pool Agreement (WSPP Agreement). The WSPP is a diverse group of more than 200 privately-owned and publicly-owned entities, including federal agencies, like BPA, that serve customers in many US states and British Columbia. The WSPP Agreement provides for sales of transmission services and energy and capacity among members. FERC approved the WSPP, first as an experiment, and subsequently on a final basis. Western Systems Power Pool, 55 FERC ¶ 61,099 (1991). The WSPP Agreement has been amended several times, with each amendment approved by FERC. As amended, the WSPP Agreement provides for sales of coordination power services both under a market based rate and under a cost based rate.

PGE's tariffs, PGE-2 and PGE-11 contain umbrella agreements. The PGE-2 is a cost based tariff and it provides for coordination sales of firm energy/capacity, economy energy, provisional and/or unit contingent capacity/energy and services such as exchanges, emergency energy and storage service. FERC approved the most recent revisions to PGE-2 in Docket No. ER95-734-000 and FERC OA97-301-000. As approved, PGE-2 provides for these wholesale coordination sales provided the price is not above the cost-based ceilings included in the service schedules. PGE-11 allows PGE to sell energy and capacity at market based rates. PGE is currently under a cap for sales under PGE-11 and will remain under that cap until December 17, 2004. See FERC EL02-114 Docket.

PGE and several other U.S. entities regularly purchase energy from the Canadian Counterparties. From time to time, PGE may want to sell energy and capacity and associated ancillary services to the Canadian Counterparties. Although WSPP members have obtained DOE authorization to transmit electricity outside the U.S., PGE is seeking the present authorization for sales under the PGE-11 and PGE-2 tariffs.

#### Services PGE Will Provide The Canadian Counterparties

The WSPP agreement allows for economy energy, firm system capacity and energy, unit commitment service, and exchange service among all members. PGE-11 allows for capacity and non-firm and firm energy for resale services. The source of such energy may be one of the following: uncontrollable hydroelectric resources, controllable hydroelectric resources, thermal resources, or power purchased by PGE. The PGE-2 tariff allows for the sale of firm capacity/energy, economy energy, provisional energy, unit commitment service, exchange service, emergency energy service, and storage service. The source of such energy may be



PGE's system resources or power purchased by PGE. To the extent PGE wishes to sell and Powerex and/or TransCanada and/or TransAlta and/or Enmax wishes to buy these services, PGE and the interested counterparty will negotiate specific terms as provided in the WSPP Agreement, PGE-11 or PGE-2. The negotiated agreements will determine such matters as scheduling, delivery points and price.

#### Description of Transmission Facilities To Be Used

PGE will deliver the power it sells to the Canadian Counterparties over the BPA's transmission system. The portion of BPA's system used to transmit power by PGE will be the Canadian (Northern) Intertie which consists of:

1. Two 500-kV lines between Custer Substation and the U.S.– Canadian border;
2. One 500-kV line between the Custer and Monroe Substations; and
3. Two 230-kV lines from the Boundary Substation to the U.S.– Canadian border, including the associated substation facilities.

PGE has the ability to integrate the power sold to the Canadian Counterparties at a number of Oregon border interconnection points with the BPA system. PGE's 230-kV system interconnects with BPA's 500-kV system at the McLoughlin, Pearl, Keeler and Allston Substations. Integration at these points will enable BPA to deliver the power to the Canadian Counterparties. Delivery of such power will be at the BPA's current published rates for such service (BPA's current Transmission Rate Schedules and General Transmission Rate Schedule Provisions).

#### Reliability, Fuel Use and System Stability Impact

Both PGE and the Canadian Counterparties are active members of the Northwest Power Pool (NWPP), whose main goal is to establish operating procedures which are in accordance with North American Electric Reliability Council (NERC) Principles, Operating Guides, and Minimum Criteria for Operating Reliability, and all corresponding Western System Coordinating Council (WSCC) documents. The NWPP's main objectives are to provide reliable service to customers in the most economical manner, to conserve resources and achieve the most economical operation for individual systems and the pool, and to plan and make interchanges between utilities which will maintain or improve operating reliability, effect more economical operation, or increase resources to the extent possible under existing contracts. As members, PGE and the Canadian Counterparties are committed to these objectives.

PGE is obligated by its membership in the NWPP to have available at all times certain amounts of operating reserves. These reserves are in compliance with NERC Principles,

Mr. Anthony Como  
December 17, 2003  
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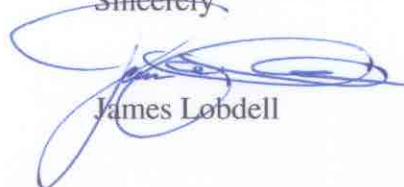
Operating Guides, and WSCC's Minimum Criteria for Operating Reliability which ensure the bulk power system will be operated at all times so that general system instability, uncontrolled separation, or cascading outages will not occur as a result of the most severe single contingency. Sales to any counterparty, including sales to the Canadian Counterparties, can only take place if PGE has its allocated amount of operating reserve available at the time, for its own use or another NWPP member's use, to counteract a system emergency.

PGE contemplates selling economy energy and firm surplus energy to the Canadian Counterparties. Consequently, any proposed sale of power to the Canadian Counterparties for export to Canada will be in accordance with the PGE-11 tariff or the PGE-2 tariff. The umbrella agreements require mutual agreement of the seller and purchaser on the terms and conditions under which they will each provide and receive such service, and allow for the seller to determine, in its sole discretion, the amount and extent of power available for sale. Prudent utility practice and WSCC operating requirements would prohibit exports of power if jeopardizing PGE's system or the regional system were a probability. There are no requirements in either the umbrella agreements which require or allow either the purchaser or seller to jeopardize the seller's or the regional system. PGE has no intent to provide exports which could result in a detriment to the U.S. utilities or customers.

PGE currently owns eight hydroelectric generating plants and two gas-fired facilities. Also, PGE shares ownership of two coal plants. Any system related sales of power to the Canadian Counterparties could utilize any of the above sources of fuel. In addition, PGE anticipates being able to purchase power for resale to the Canadian Counterparties. The fuel source of such power will be indeterminate until the time the purchase is made.

PGE wishes to continue transactions with the Canadian Counterparties pursuant to the agreements, and is willing to provide any additional information the Director may require to expedite review and approval of this renewal application.

Sincerely,

  
James Lobdell

LM

Enclosures

SUBSCRIBED and SWORN to before me this 16<sup>th</sup> day of February, 2004.



Joyce Harlan  
Notary Public for Oregon

My commission expires: 12/19/05



**Portland General Electric Company**

*Legal Department*

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**Loretta I. Mabinton**

*Assistant General Counsel*

February 16, 2004

Anthony Como  
Office of Coal & Electricity (FE-2)  
Office of fuels Program  
Office of Fossil Energy  
Department of Energy  
1000 Independence Avenue, SW  
Washington, DC 20585

Re: Opinion of Counsel

Dear Mr. Como:

This opinion is being furnished to you pursuant to 10 CFR § 205.303(b) as an exhibit to the Renewal Application for Authorization to Transmit Electric Energy to Canada ("Application") filed by Portland General Electric Company ("PGE").

I am a member of the Oregon State Bar and serve as counsel for PGE. In that capacity, I have examined, or caused to be examined, the Articles of Incorporation, Bylaws and corporate records of PGE, the Application, including all Exhibits thereto, and such other documents as I have deemed necessary and relevant as a basis for the opinion set forth herein. Based on the foregoing, I am of the opinion that:

(a) PGE is duly incorporated, validly existing and in good standing under the laws of Oregon.

(b) PGE has full corporate power and authority to sell electricity and transmission services as requested in the Application. All applicable energy sales agreements have been duly authorized and executed (or will be executed) by PGE, and constitutes (or will constitute, when executed) the legal obligations of PGE, enforceable in accordance with their terms.

(c) PGE has duly authorized the taking of any and all action necessary at the date hereof to carry out and give effect to the transactions contemplated to be performed on its part pursuant to the Application and the applicable energy sales agreement.



(d) As required by the Federal Power Act and regulations promulgated pursuant thereto, PGE has obtained authorization from the Federal Energy Regulatory Commission to sell electric energy. PGE-2 – 60 FR 42556, and 62 FR 4994, 4995 (January 1, 1997), and PGE-11 – 63 FR 39849, 39850-39851 (July 28, 1998) and 68 FR 67412, 67413 (December 17, 2003).

(e) There is no action, suit or proceeding at law or in equity or before or by any court, public board or body pending or, to my knowledge, threatened against or affecting PGE, the outcome of which would be likely to have a material adverse effect on (i) the transactions contemplated in the Application or the applicable energy sales agreements, or (ii) the validity or enforceability of the energy sales agreements.

I have no reason to believe that the Application and the documents incorporated therein by reference contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

I am not licensed to practice law in Canada. With respect to the Application and applicable energy sales agreements, and any other documents to which the laws of Canada are applicable, I have assumed for the purposes of this opinion, with your permission, that such laws are not in conflict with the laws of the State of Oregon. With respect to the conclusions set forth herein, I express no opinions as to any laws other than the laws of the State of Oregon and the federal laws of the United States. I have assumed the authenticity of all documents submitted to me as originals, the conformity to the originals of all documents submitted to me as copies, that the signature on all documents examined by me are genuine, and have relied, to the extent I have deemed appropriate, as to certain matters upon the certificates of officers of PGE and public officials.

Sincerely,



Loretta Mabinton  
Assistant General Counsel



UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Portland General Electric Company

Docket No.ER04-199-000

NOTICE OF FILING

(November 21, 2003)

Take notice that on November 17, 2003, Portland General Electric Company (Portland) filed with the Federal Energy Regulatory Commission a proposed revision to Portland's market-based rate tariff, imposing a cost-based cap that will apply to new sales transactions entered into and delivered by Portland during the specified twelve-month period. Portland requests that the Commission make the amended tariff sheets effective as of the day following the date the Offer of Settlement and the Agreement and Stipulation (collectively, the "Settlement"), filed by Portland and the other signing parties in Docket No. EL02-114, are approved by the Commission. Portland states that in the event that the Commission does not approve the Settlement or that it does not become effective pursuant to its terms, this amendment will also not become effective and will be null and void.

Any person desiring to intervene or to protest this filing should file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. This filing is available for review at the Commission or may be viewed on the Commission's web site at <http://www.ferc.gov>, using the eLibrary (FERRIS) link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, please contact FERC Online Support at [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov) or toll-free at (866)208-3676, or for TTY, contact (202)502-8659. Protests and interventions may be filed electronically via the Internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-Filing" link. The Commission strongly encourages electronic filings.

Comment Date: December 8, 2003

Linda Mitry  
Acting Secretary

